

SUMMARY

During 2018-19:

- South Australia's **gross state product** (GSP) rose 1.4% in **chain volume** (real) terms (nationally, gross domestic product (GDP) rose 1.9%).
- This followed upwardly revised GSP growth of 2.3% in the previous financial year (2.9% nationally).
- The non-farm economy grew by 1.7% in South Australia (nationally, non-farm GDP grew by 2.2%).

FURTHER ANALYSIS

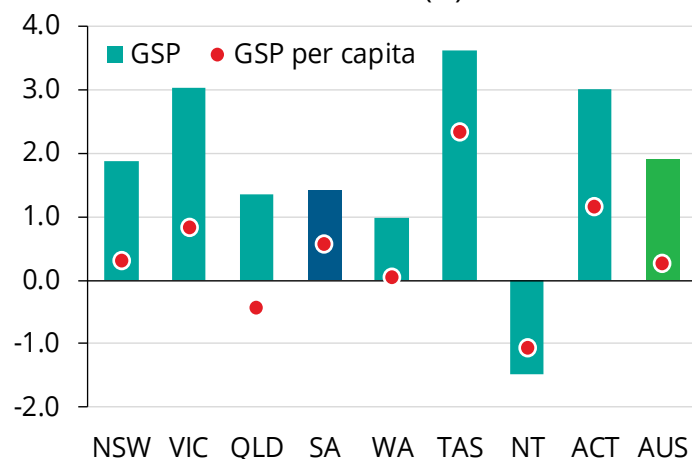
GSP (and national GDP) measures the total value of production in an economy. It is derived in 3 ways:

- summing all **final expenditure** in the economy – GSP(E);
- summing the **value added** in production – GSP(P); or
- summing all **incomes** generated – GSP(I).

South Australia's GSP rose 1.4% in real terms in 2018-19, the equal fifth highest rate of growth of the states and territories.

In **per capita** terms, South Australia's GSP rose 0.6% in 2018-19, the fourth highest rate of growth in GSP per capita of the states and territories, and above the national average of 0.3% – see Chart 1.

Chart 1: Real GSP and GSP per capita growth between 2017-18 and 2018-19 (%)



EXPENDITURE COMPONENTS OF GSP – GSP(E)

Using the expenditure method, the major components of GSP are the same as for state final demand (spending within the state) – while GSP also includes net interstate and overseas exports and changes in inventories (stocks).

State final demand (SFD) in South Australia grew by 1.4% in 2018-19 – see Table 1.

Expenditure components that contributed the most to South Australia's GSP growth in 2018-19 include:

- Household final consumption expenditure, up 1.2% or \$801m (nationally up 1.9%);
- Public consumption, up 3.0% or \$726m (nationally up 4.2%); and
- **Private new business investment**, up 2.6% or \$333m (nationally down 1.8%).

Table 1: Real growth in GSP/GDP expenditure components between 2017-18 and 2018-19 (%)

| | South Australia | Australia |
|--|-----------------|-----------|
| Household final consumption expenditure | 1.2 | 1.9 |
| Private new business investment | 2.6 | -1.8 |
| Dwelling investment | 1.2 | -0.5 |
| Government final consumption expenditure | 3.0 | 4.2 |
| Government investment | 6.5 | 3.3 |
| State Final Demand/ Domestic Final Demand | 1.4 | 1.5 |
| Overseas exports of goods | -10.5 | 2.7 |
| Overseas exports of services | 2.9 | 7.9 |
| Overseas imports of goods | 1.4 | -0.5 |
| Overseas imports of services | -5.3 | 1.1 |
| GSP/GDP | 1.4 | 1.9 |

GSP BREAKDOWN BY INDUSTRY PRODUCTION – GSP(P)

Using the production method, GSP is broken down to the level of gross value added (GVA) by each industry.

In South Australia, total industry GVA grew 1.1% in real terms in 2018-19 (compared to national growth of 1.9%) – see Table 2.

In South Australia, the industries recording the strongest real GVA growth in 2018-19 include:

- Health care and social assistance (up 8.5%);
- Other services (up 5.2%);
- Information media and telecommunications (up 4.0%); and
- Public administration and safety (up 2.5%).

Meanwhile, the South Australian industries recording the weakest real GVA growth in 2018-19 include:

- Manufacturing (down 5.2%);
- Agriculture, forestry and fishing (down 4.4%);
- Accommodation and food services (down 2.7%); and
- Wholesale trade (down 1.8%).

Table 2: Real industry GVA, 2018-19

| | South Australia | Australia |
|---|------------------------|----------------------|
| | Industry GVA (\$m) | Annual growth (%) |
| Agriculture, forestry and fishing | 5,221 | -4.4 |
| Mining | 3,202 | 0.3 |
| Manufacturing | 6,484 | -5.2 |
| Electricity, gas, water and waste services | 3,919 | 0.2 |
| Construction | 7,657 | 2.3 |
| Wholesale trade | 4,689 | -1.8 |
| Retail trade | 5,182 | 0.3 |
| Accommodation and food services | 2,658 | -2.7 |
| Transport, postal and warehousing | 4,262 | 0.9 |
| Information media & telecommunications | 2,223 | 4.0 |
| Financial and insurance services | 8,110 | 0.4 |
| Rental, hiring and real estate services | 2,550 | 1.9 |
| Professional, scientific and technical services | 5,283 | 1.2 |
| Administrative and support services | 2,970 | 1.1 |
| Public administration and safety | 5,917 | 2.5 |
| Education and training | 6,244 | 1.0 |
| Health care and social assistance | 10,707 | 8.5 |
| Arts and recreation services | 688 | 0.9 |
| Other services | 2,318 | 5.2 |
| Ownership of dwellings | 9,191 | 1.5 |
| Total all industries | 99,476 | 1.1 |
| Taxes less subsidies on products | 7,295 | -0.4 |
| GSP/GDP | 107,990 | 1.4 |

INCOME COMPONENTS OF GSP – GSP(I)

Income components of GSP and GDP are only available in nominal terms. A deflator is used to convert nominal GSP to real GSP.

Compensation of employees in 2018-19 rose 3.9% in South Australia (nationally it was up 4.5%). Gross operating surplus (profits of incorporated entities) and gross mixed income (profits of unincorporated entities which also includes elements of compensation of employees) rose 2.5% in 2018-19 in South Australia (nationally it was up 6.3%) – see Table 3.

Table 3: Real growth in GSP/GDP income components between 2017-18 and 2018-19 (%)

| | South Australia | Australia |
|--|--------------------|------------|
| Compensation of employees | 3.9 | 4.5 |
| Gross operating surplus and gross mixed income | 2.5 | 6.3 |
| Taxes less subsidies on production and imports | 3.5 | 2.3 |
| Nominal GSP/GDP | 3.7 | 5.3 |
| GSP/GDP implicit price deflator | 2.2 | 3.3 |
| Real GSP/GDP | 1.4 | 1.9 |

Selected terms used in this brief are explained on the [DTF website](#).

The next release of ABS Cat. No. 5220.0 is expected around mid-November 2020.